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UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration



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REA PROGRAMS MOVE FORWARD

REA's electric and telephone programs are moving along at a sound and satisfactory pace. Rural electric systems are constantly giving better service, at lower cost, to more people. Rural telephone construction is at record levels, bringing modern dial communication service to the countryside in increasing volume. Financially and in every other way, REA borrowers are in a strong position.

Progress, vitality and accomplishment -- that's a quick picture of the REA programs today. In 46 states and 2 territories, these programs are enabling local businesses to bring initial or improved utility service to farm families and other rural consumers.

Both programs have had ample funds to do a good job. The loan needs of the rural businesses have been met, the backlog of applications has been cut and still each year money has been left over. In the electric program a total of \$55.7 million was left over from the 1955 fiscal year. A total of \$47 million was left over from the 1954 fiscal year. The telephone program carryover was \$33.5 million from 1955 and \$8 million from 1954.

Currently, sizeable loan budgets are before Congress for the next fiscal year. The budget provides \$210 million for electric loans and \$80 million for the telephone program.

Here are facts and figures on major REA accomplishments:

1. Loan needs are being met.

Loans to rural electric systems this fiscal year will reach \$185 million, the highest since 1951. About half of these funds are used to help borrowers keep up with growth in use of electricity among farm people. Telephone loans this year are setting a new record, \$80 million. Two-thirds of all telephone loans have been made in the last three years.

2. Backlog of applications is reduced.

By speeding up loan processing, in many cases by 50 percent, REA has cut the backlog of electric loan applications awaiting action. At the end of fiscal 1955, it was \$97 million, the lowest since World War II. Pending telephone applications have been cut in half in three years.

3. Power problems have been solved.

Loans for generation and transmission facilities have been made when necessary. In the past fiscal year such loans amounted to \$41 million, to provide for the construction of 10 new generating units and 1,700 miles of transmission lines. This is higher than the average for the program since its start.

4. Cost of power is down.

The cost of power at retail to rural consumers is the lowest in the history of the REA program, an average of 2.8¢ per kwh. Likewise, the wholesale cost of power to REA borrowers is down to a record low. The average is 7.4 mills per kwh.

5. More farms are getting electricity.

Farm electrification has now reached nearly 95 percent of all farms. Almost 200,000 farms have received electric service for the first time in the last three years. Electric co-ops are using REA loan funds to heavy up lines and improve service for many thousands of existing consumers.

6. Telephones are serving more farms.

Farms with telephone service, according to census figures, have increased 10 percentage points from 1950 to 1954. Today about half of all farms have telephones. More than 600,000 subscribers in rural areas will be provided initial or improved service under REA telephone loans already made. Already 215 telephone borrowers have placed in operation 785 modern dial exchanges. These independent telephone companies and cooperatives have completed construction of more than 60,000 miles of pole line and have 25,000 more under construction.

7. REA borrowers are financially strong.

In the past year the number of borrowers behind in their loan payments was down to half of the 1953 number. Today only a dozen electric system borrowers are behind. The number of telephone borrowers behind in their payments has been reduced from 29 to 23 in the past year.

8. Advance payments are on the increase.

Payments on principal in advance of due date have risen to \$91 million in the electric program, the highest in the program history. In 1949 the amount was only \$20 million. In the much newer telephone program advance payments amount to \$153,000.

9. Atomic energy is being explored.

Two REA borrowers have now moved a step closer to putting the atom to work producing rural power. AEC has authorized contract negotiations for building reactors. REA is expediting processing of related loans needed to build turbo generators.

10. Borrowers are strong and independent.

Maturity and self-reliance have grown among REA borrowers. To an increasing extent borrowers are providing for themselves where initially they depended upon the government. Auditing, making out loan applications, management training, and engineering inspections are examples of activities the borrowers are now conducting for themselves.

